

## Real Estate Finance & Investment

### Mission Capital arranges big Puerto Rico portfolio sale

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**Mission Capital** has arranged the sale of a \$199.8m loan portfolio on behalf of **First BanCorp**, the holding company of **FirstBank of Puerto Rico**. The portfolio, which was sold for \$87.6m, represents an expansion of the firm's business in the commonwealth.

"Rough headlines are what creates opportunity. From 2008 to 2013 we traded \$20bn to \$30bn in commercial debt, and those were some pretty tough times...Opportunistic investors wait for times like these because that's when you can buy assets cheap," said **Stephen Emery**, managing director at Mission Capital.

The portfolio, which has a book value of \$150.1m, primarily features REO and non-performing commercial loans on retail, office and condo assets, as well as business lending. A number of parties showed interest and put out bids for the portfolio, Emery told *REFI*. Mission Capital was unable to reveal the US-based buyer.

"Puerto Rico right now definitely has its trouble but when you back up from this specific period and look from a tourism standpoint, [the island is] actually gaining a lot of traction on Mexico, where a lot of tourism is taken from beach [destinations]," said Emery, pointing to

the benefit of not needing a passport to travel there and its use of the US dollar. The hedge fund crowd is also showing growing interest in the Puerto Rican market because of advantageous tax laws, he added.

Even after closing, Mission Capital has been receiving calls from market players interested in the deal. The sale marks the firm's third all-cash portfolio transactions of both commercial and residential loans in Puerto Rico, totaling over \$800m of unpaid principal or appraised value.

"We have gotten to know a lot of the key parties [in the market] and understand both the markets and submarkets – what trades and what doesn't," said Emery, adding that Mission Capital is certainly interested in continuing to work in the space. "It is still a fairly opaque market in its early stages. There is still a lot of work to be done to clean up balance sheets, which is true from both the bank and FDIC perspective."